



AMERICAN PUBLIC GAS ASSOCIATION

The Honorable Cynthia Quarterman
Administrator
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, DC 20590

Dear Administrator Quarterman:

On behalf of the American Public Gas Association (APGA), this letter expresses the commitment of our members to ensure the safety of the nation's publicly-owned natural gas utilities and to update you on some of the important activities APGA is undertaking to improve pipeline safety. Public safety is the number one priority for publicly-owned gas systems. APGA members are committed to operating safely in the communities they serve. I want to take this opportunity to update you and to highlight several key initiatives of APGA that assist our members to operate safe natural gas distribution pipelines.

Background. Overall, there are nearly 1,000 publicly-owned distribution utilities in the U.S. serving more than five million customers. Publicly-owned gas systems are not-for-profit, retail distribution entities that are owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other governmental entities that own and operate natural gas distribution pipelines.

Publicly-owned natural gas utilities are different than the large, interstate gas and hazardous liquid pipelines, or even the large, investor-owned distribution systems. While a handful of publicly-owned gas utilities are large, the typical public gas utility has five or fewer employees, serves fewer than 5,000 customers, and often operates in a relatively small geographic area such as a single town or county. Revenue from gas sales may support not only ongoing operation and maintenance of the gas system, but also other vital city services such as police, fire and rescue. Unlike an investor-owned utility, the rates charged for gas service by the typical public gas utility is set by a local governing body rather than a state public utility commission. Likewise, decisions on expenditures for these systems are made at the local level by appointed or elected representatives from the community that will be affected most by these decisions.

Causes for pipeline failures on distribution piping are different than for transmission pipelines. Whereas corrosion and mechanical damage are major concerns for transmission pipelines, excavation damage is the leading cause of distribution failures. For distribution, corrosion is the least likely to result in an incident resulting in death or injury of all the failure causes tracked by PHMSA. For these reasons, the actions that may be appropriate for transmission may be inappropriate for distribution, particularly small municipal systems, and vice versa.

Actions. In 2005, APGA created the Security and Integrity Foundation (SIF), dedicated to promoting the security and operational integrity and safety of small natural gas distribution and utilization facilities. SIF programs enhance the abilities of gas utility operators to prevent, mitigate and repair damage to the nation's gas distribution infrastructure. Among the recent accomplishments of the SIF are:

- The SIF has trained and tested the qualification of over 2,000 utility maintenance workers in 26 states to properly perform safety-critical operations and maintenance tasks. One state regulator reports that utilities in his state that began using this SIF program several years back have reduced the number of probable violations issued by his state inspectors to zero.
- Working with experts from APGA member utilities, state pipeline safety agencies and PHMSA, the SIF prepared written procedures for how to safely and properly perform over 100 inspection and maintenance tasks on gas distribution piping and offered these procedures free of charge to both APGA member and non-member utilities alike. To date, over 500 utilities have downloaded these procedures from the SIF website.
- Also working with industry and government experts, the SIF created a computer program that evaluates the design, construction, inspection and maintenance records of a distribution system, determine the highest relative risks on the system and suggest actions the operator could take to reduce those risks. To date, over 1,400 utilities, master meter operators and LP piping operators are using this program to assess the safety of their distribution piping.

In 2012 and each subsequent year, APGA and the SIF will review the results of inspection and maintenance data entered by the 1,400 + users of the risk analysis program looking for trends in failures of any materials and/or equipment that might exist. The data review team will include both state and federal pipeline safety regulators. The first of these data evaluations will be performed in the first quarter of 2012. The SIF will also analyze the aggregate leak repair data entered by program users to let each user if leaks on its system are statistically higher, lower or the same as the average of all program users. These data will be used to continuously improve the risk ranking program to allow distribution operators to focus resources on the highest risk areas and allow users to benchmark their performance against other operators.

APGA is also committed to increasing Research and Development (R&D) funding. Because APGA's member utilities are small, few could fund a meaningful R&D program on their own, but through APGA's R&D Foundation, money from many APGA members is aggregated and invested in projects that benefit the entire industry. The R&D Foundation leverages its funding by contributing to industry-wide consortia such as the Gas Technology Institute's Operations

Technology Development and Utilization Technology Development programs. Among the important projects funded by these programs are:

- Underground Facility Pinpointing (excavation damage is the leading cause of distribution incidents),
- Pipeline Coatings for Critical Locations, and
- Reducing Riser/Meter Set Corrosion

Because of the significance of excavation damage, APGA is a founding member and sponsor of the Common Ground Alliance. APGA and our members continue to promote 811 as the nationwide "Call Before You Dig" number and the CGA best excavation and damage prevention practices. APGA has supported legislation to require ALL excavators to use the One-Call System, including municipalities.

Conclusion. APGA and its member utilities appreciate the opportunity to continue working with PHMSA to further improve pipeline safety. The APGA SIF thanks PHMSA for its continuing financial support of programs as well as the expertise of its staff who serve on SIF advisory groups.

Public gas systems are committed to delivering safe, reliable, and affordable natural gas to their customers. Safety is priority number one for APGA and its member utilities, and operating safely in the communities they serve is fundamental to their mission.

Sincerely,



Bert Kalisch
President & CEO